



BOND INFORMATION AND INSTRUCTIONS

There are four types of bonds accepted by the Idaho Department of Lands. All bonds must be submitted on an Idaho Department of Lands issued bond form with accompanying documents attached.

SURETY BOND

❖ Corporate Surety Bond -

Surety bonds are purchased from a bonding or insurance company, authorized to do business in Idaho. The company issuing the bond must include their bond number and the lease/plan/permit number on the upper right hand corner of the form. The bond must be made payable to the State of Idaho and carry the notarized signature of the surety and signature of the principal.

COLLATERAL BONDS

❖ Certificate of Deposit - Time Deposit Receipt

Certificates of deposit and time deposit receipts must be issued by a federally insured institution. Certificates and receipts will not be released for re-issuance and should, therefore, be automatically renewable. The certificate or deposit receipt must be made out to the principal (first) or the Idaho Department of Lands (second), (i.e., "John Doe, et al or Idaho Department of Lands"), in that order. The State retains physical possession of the document. **NOTE: only original documents** will be accepted in lieu of bond. If the issuing bank is not located in the State of Idaho or does not have a branch in Idaho, then a jurisdiction agreement must be executed by the bank and returned to the Department of Lands.

❖ Letters of Credit -

Letters of credit must be issued by an institution authorized to do business in the State of Idaho, or through a confirming bank authorized to do business in the State of Idaho, which engages that it will itself honor the credit in full. As an alternative, a foreign bank may execute or consent to jurisdiction of Idaho courts on a form prescribed by the Idaho Department of Lands. Wording of the credit document must provide for presentation at a bank in the State of Idaho. The account party on all credits must be identical to the entity identified on the lease, permit or plan. The credit document must exactly follow the wording of a sample Letter of Credit which may be obtained from the Department upon request. A Certificate of Secretary must *always* accompany a letter of credit. If the issuing bank is not located in the State of Idaho or does not have a branch in Idaho, then a jurisdiction agreement must be executed by the bank and returned to the Department of Lands.

❖ Cash -

An operator or lessee may submit a cash bond to be held by the Idaho Department of Lands. Interest does not accrue on cash bonds.

NOTE: ANY BOND SUBMITTED, REGARDLESS OF TYPE REQUIRES A FULLY EXECUTED ORIGINAL DEPARTMENT ISSUED BOND FORM. THE BONDING REQUIREMENT IS NOT SATISFIED UNTIL THE BONDING FORM HAS BEEN SUBMITTED WITH THE APPROPRIATE DOCUMENTATION ATTACHED THERETO.



SURETY BOND

No. _____

Lease/Plan/Permit No(s). _____

KNOW ALL MEN BY THESE PRESENTS, That we _____, as principal and _____, a corporation organized under the laws of the State of _____, and having its principal place of business in the State of _____, in the City of _____, as surety are held and firmly bound unto the State of Idaho, in the sum of _____ dollars (\$ _____) lawful money of the United States, conditioned on the payment of all damages to the surface and improvements thereon of lands described in the above lease/plan/permit specified and any outstanding balances as set forth in the lease/plan/permit. For such payment, well and truly to be made, we bind ourselves, our and each of our heirs, executors, administrators, successors and assignees, as the case may be, jointly and severally, firmly by these presents.

THE CONDITION of the foregoing obligation is such that:

WHEREAS, by lease/plan/permit bearing the above serial number, the lessee/plan holder/permittee was granted specific rights under and pursuant to Idaho Code title 58, chapters 1,3 and 6 or Idaho Code title 47, chapters 7, 8, 13, 15 or 16, and the pertinent rules and regulations of the Idaho State Board of Land Commissioners; and

WHEREAS, said lessee/plan holder/permittee has, by virtue of the lease/plan/permit above referred to, entered into certain covenants and agreements set forth in such lease/plan/permit, under which operations are to be conducted; and

WHEREAS, the said principal, in consideration of being permitted, in lieu of the lessee/plan holder/permittee, to furnish this bond agrees and by these presents does hereby bond himself to fulfill on behalf of the lessee/plan holder/permittee all of the obligations of the said lease/plan/permit in the same manner and to the same extent as though he were the lessee/plan holder/permittee. It is understood and agreed by the surety and the principal that if there is outstanding restoration obligations on the premises, or if outstanding payments are due, this bond shall extend to cover all acts for which restoration is required or payment of such outstanding amounts due, both prior to and subsequent to the date of this bond, until notified in writing by the Idaho Department of Lands that such requirements have been met or the bond has been replaced. The Idaho Department of Lands may require payment of the entire sum of this bond, or portions thereof, upon written notice to the surety, by the department, of the lessee/plan holder/permittee's failure to perform any obligations and/or pay any amounts due under the above referenced statutes and pertinent rules.

The surety shall pay to the Department of Lands the sum of this bond, or portions thereof, as requested by the department within 30 days of receipt of such written notice. In the event of a partial distribution, the remaining funds and liabilities shall not be released until the department notifies the surety, in writing, of release of remaining liability or requires payment of the remaining bond liabilities. Payment of the full sum of the bond to the department shall release the surety of all liabilities and obligations.

NOW THEREFORE, if the above principal shall in good faith observe, carry out and comply with all the laws now existing or hereafter enacted, designed or intended for the protection of the surface owner of said lands against damage and resulting loss caused by any operations carried on under said lease/plan/permit, or if any such damage and resulting loss shall so occur nevertheless, for which damage and loss reimbursement is required and made, then this obligation shall become void, otherwise to remain in full force and effect; and the liability of the surety under this bond for any one or more defaults of the principal under said lease/plan/permit shall not exceed in the aggregate the sum stated herein above; It is further provided, however, that the bond may be cancelled by the surety by the service of written notice of cancellation upon the Director of the Department of Lands of the State of Idaho, such cancellation to be effective at the expiration of ninety (90) days after the service of such cancellation notice by the surety on the Director by registered mail. Such cancellation notice, however, shall not affect any liability that shall have accrued under this bond prior to the effective date of cancellation.

Signed on this _____ day of _____, 20____

(Signature of Principal)

(Signature of Surety)

(Business Address)

(Business Address)

ACKNOWLEDGEMENT OF SURETY

State of _____)
County of _____) ss

On this _____ day of _____, in the year 20____, before me _____, a Notary Public in and for the State of _____, personally appeared _____, known to me to be the _____ of the corporation that executed the instrument, or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

In Witness Whereof, I have hereunto set my hand and affixed my official seal of day and year first above written.

Notary Public For _____
Residing at: _____
My Commission expires _____, 20____

SAMPLE

(Bank Letterhead)

IRREVOCABLE STANDBY LETTER OF CREDIT

(Date)

ISLC No. _____

Expire Date: _____

State of Idaho
Department of Lands
Statehouse
Boise, ID 83720

Gentlemen:

We hereby establish our Irrevocable Standby Letter of Credit in your favor for the account of (Name of Plan, Permit, or Lease Holder) to the extent of U.S. Written Amount (\$ Numerical Amount). Drafts are payable at sight when presented to (Name of Bank or Other Institution) and must bear (Plan, Permit, or Lease Number).

It is a condition of this Letter of Credit that it shall be automatically extended without amendment for additional periods of one year from the present or future expiration date hereof unless one hundred and twenty (120) days prior to such expiration date we shall notify you, in writing, via certified mail, return receipt requested, that we elect not to renew this letter of credit for such additional period. Upon receipt of such notice, the balance of the Letter of Credit may be drawn upon prior to its expiration date by your clean draft drawn at sight on us presented at the _____ Office of the (Name of Bank or Other Institution).

Drafts drawn under this credit must bear the following clause: "Drawn under (name of bank or other institution), Letter of Credit No. _____, dated _____," and the amount of each draft must be endorsed hereon.

Unless otherwise expressly stated, this credit is subject to the "Uniform Customs and Practice for Documentary Credits (1993 Revision) International Chamber of Commerce Publication No. 500" or by subsequent Uniform Customs and Practice fixed by subsequent Congresses of the International Chamber of Commerce.

We hereby engage with the drawers, endorsers and holders in due course of drafts drawn under and in compliance with the terms of this credit that such draft(s) will be duly honored on presentation to the drawee bank.

Sincerely,

Bank

Signature

Title

IRREVOCABLE STANDBY LETTER OF CREDIT

(Name of Plan, Permit, or Lease holder)

(Date)

ISLC No.

CERTIFICATE OF SECRETARY

_____(Name)_____, as Secretary of (Name of Institution),
hereby certify as follows:

(1) That _____(Name)_____ who signed this Letter of Credit on behalf of (Name of Institution)
was then _____(Title)_____ of said institution;

(2) That this Letter of Credit was issued in compliance with 12 Code of Federal Regulations, Chapter 32,
Sections 208.24 or 337.2, whichever is applicable, and Idaho Code Section 26-705; and

(3) That this letter of credit was duly signed for and in behalf of said corporation by authority of its
governing body, and is within the scope of its corporate powers.

In witness whereof, I, _____(Name)_____, as the Secretary of (Name of Institution), have executed this
certificate and affixed the seal of (Name of Institution) on this ___ day of _____, 20_____.

Name

Title

(affix corporate seal)

STATE OF _____)
) ss

COUNTY OF _____)

On this _____ day of _____, 20_____, before me, a Notary Public, in and for
said county and state, personally appeared _____(Name)_____, known or identified to me to be the Secretary of
(Name of Institution), the corporation the executed the foregoing instrument, and acknowledged to me that such
corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this
certificate first above written.

(Seal)

Notary Public for the State of:
Residing at:
Commission expires: